

Financing of Medicare Programs

Source of Income

HI Trust Fund

1. Payroll taxes *
2. Transfers from railroad retirement account
3. General revenue for
 - a. uninsured persons
 - b. military wage credits
4. Premiums from voluntary enrollees
5. Interest on investments

* Contribution rate	
Employees and employers, each	1.45%
Self-employed	2.90%
Maximum taxable amount (CY 2003)	none ¹

Voluntary HI Premium ²

Monthly Premium (2003):	\$316
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SMI Trust Fund

1. Premiums paid by or on behalf of enrollees
2. General revenue
3. Interest on investments

Part B Premium

Monthly Basic Premium (2003):	\$58.70
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¹ The Omnibus Reconciliation Act of 1993 eliminated the Annual Maximum Taxable Earnings amounts for 1994 and later. For these years, the contribution rate is applied to all earnings in covered employment.

² Premium paid for voluntary participation of individuals aged 65 and over not otherwise entitled to hospital insurance and of certain disabled individuals who have exhausted other entitlement. A reduced premium of \$174 is available to individuals aged 65 and over who are not otherwise entitled to hospital insurance but who have, or whose spouse has or had, at least 30 quarters of coverage under Title II of the Social Security Act.

SOURCE: CMS/OACT

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